

DISCOUNT PROGRAMS FOR FY 09/10

Beginning in May 2000, the Risk Management Division established the Risk Management Fund Contribution Discount Program to reward agencies for their proactive loss control programs. Under the discount program, agencies could apply for and receive discounts to the contributions each agency is required to pay to the Fund. The contributions are based upon the calculations of an actuary who determined the amounts necessary to cover existing and potential liability exposures, while keeping the Risk Management Fund viable for the State.

From the start, the foundation of the discount program has been the utilization of agency loss control committees. Agency loss control committees are an accepted “best practice” as they are in the best position to review incidents and accidents that may be unique to the operations of that agency and identify potential corrective measures that hopefully will prevent similar incidents from happening in the future. The discount program has also consistently stressed the importance of basic agency policies covering safety and other areas that loss experience has shown can give rise to significant potential liability. Examples include Fire, Weather and Natural Disaster Policies, and Sexual Harassment and other Employment Practices Policies. Finally, the discount program has focused on timely reporting of incidents to the Risk Management Division so Division staff can assist with collection and preservation of evidence and assist in a coordinated response to the incident.

In 2001 the Legislature directed that there be a single workers’ compensation account for all state agencies to operate within a retained deductible amount. The Risk Management Workers’ Compensation Program collects the premiums assessed by Workforce Safety and Insurance and uses the premium dollars it receives from State entities, to establish a fund to pay the first \$100,000 on each claim, the premium to WSI for the State entities’ single workers compensation account, pay excess workers compensation coverage premiums to WSI, and pay associated costs with the program. In order to encourage agencies to adopt practices that have been proven to reduce workers compensation claims, the Risk Management Workers Compensation Program has also adopted a discount program. Implementing this program provides the necessary tools to construct an effective method of promoting safety and claims management for State entities’ workers compensation exposures. The discount program focuses on workplace ergonomics, work process and facility safety, an implementing an effective claims management program including the designated medical provider and transitional duty.

As we start the process of delineating the discount inquiries for both discount programs for FY 09/10, we would ask that all risk management and workers compensation program contacts provide us with their thoughts and suggestions on how the discount programs can be enhanced to reflect additional loss control practices that reduce the State’s exposure to liability and worker injuries. While formulating your thoughts and suggestions, keep in mind that reduced premiums and contributions through discounts should not be the focus, but rather the adoption of practices that actually in the long run justify the discounts by reducing the frequency and severity of claims brought against the State or involving injured state workers.

Suggestions can be directed to Tag Anderson at 328-7581, or tcanderson@nd.gov.